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May 7, 1999

VIA HAND DELIVERY

Jerry L. Rudibaugh, Chief Hearing Officer
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**Re: Joint Statement of Positions in response to the February 23, 1999 Procedural
Order in the Consolidated Service Quality Proceeding, Docket No.
T-03021A-96-0448 et al.**

Dear Mr. Rudibaugh:

Pursuant to your direction of February 23, 1999, enclosed is a Joint Statement of Positions regarding Performance Measurements Issues. As described in the Joint Statement, considerable progress has been made between the parties to resolve disputes. However, there are several issues which remain unresolved, and which the parties currently believe require adjudication, assuming that the current round of negotiations do not result in settlement. The parties request until May 31, 1999 to resolve matters in dispute or otherwise return to you for your consideration.

Respectfully yours,

Timothy Berg
Fennemore Craig, P.C.
on behalf of U S WEST

Michael Patten
Brown & Bain P.A.
on behalf of the CLEC parties

cc: Docket Control (11 copies)
All Parties of Record
955092.1/67817.187

Joint Statement of Positions: Performance Measurements Issues
May 7, 1999

Introduction

U S WEST Communications (hereafter "USWC") and AT&T, Cox, ELI, e.spire, GST Telecom, MCI Worldcom, Nextlink and Sprint (hereafter "CLECs") have entered into this "Joint Statement of Positions" as discussed with Chief Administrative Law Judge Jerry Rudibaugh (acting as Chief Arbitrator) in a conference call including the parties on February 23, 1999. As reflected in this "Joint Statement of Positions," considerable progress toward agreement has been made by the parties since 1997 when this case was initially tried. However, several issues remain outstanding. For the convenience of the readers, this "Joint Statement of Positions" is intended to simply summarize the positions of the parties. Arguments supporting the parties' respective positions will be separately filed by the parties.

Issue:

1 (a)-What are the service categories to be measured?

The parties agree to the service categories listed in Exhibit A as a baseline. The CLECs believe that additional service categories identified in Exhibit B should also be included.

Issue:

1 (b)- Are additional comments and/or testimony on this subject required?

Yes. Comments advocating the parties' respective positions will be filed. Additionally, USWC requests a hearing which would include testimony concerning this subject.

Issue:

2 (a)- What are the performance indicators to be reported?

The parties agree that with three exceptions, when applicable and available, the performance indicators listed in Exhibit C are a baseline. The CLECs do not believe that results concerning CLEC or CLEC-customer caused installation misses, repair misses or collocation provisioning misses should be considered baseline performance indicators. The CLECs also believe that an additional performance indicator reflecting USWC's time interval to notify CLECs, USWC's customer contact personnel, and

USWC's other customers, upon U S WEST's completion of an order for service should be provided. Finally, the CLECs are not necessarily in agreement with all of U S WEST's definitions of the performance indicators.

Issue:

2 (b)- Are additional comments and/or testimony on this subject required?

Yes. Comments advocating the parties' respective positions will be filed. Additionally, USWC requests a hearing which would include this subject.

Issue:

3 (a)- To what extent should performance results geographically be disaggregated?

U S WEST Position:

The parties believe that for provisioning and repair of non-designed services, it should report data as a statewide result, disaggregated on a dispatched (MSA/non-MSA) non-dispatched basis, when such measurement capability becomes available. This disaggregated data capability is expected by the end of June, 1999.

The parties believe that for provisioning and repair of designed services, it should report data as a statewide result, disaggregated on a dispatched (high density/low density) non-dispatched basis as defined in USWC's tariffs, when such measurement capability becomes available. . This disaggregated data capability is expected by the end of June, 1999.

The parties believe that for other results should be reported on a statewide basis.

Issue:

3 (b)- Are additional comments and/or testimony on this subject required?

No.

Issue:

4 (a)- For what customer groupings should data be reported?

The Parties believe that USWC should report performance results separately to each CLEC, as follows:

1. The performance results, if any, for that particular CLEC;
2. The performance results, if any, for the CLECs, in aggregate;
3. When applicable (See issue 7 (a)), the performance results, if any, that USWC's "retail" customers have received from USWC; and
4. The performance results, if any, that USWC's affiliates which provide telecommunications services (e.g. U S WEST Long Distance, Inc.; U S WEST Wireless, Inc.) have received from USWC.

However, the CLECs believe, that, when applicable, USWC should also report the performance results for the internal USWC results or the retail analogue of CLEC performance results.

Issue:

4 (b)- Are additional comments and/or testimony on this subject required?

Yes. Comments advocating the parties' respective positions will be filed. Additionally, USWC requests a hearing which would include testimony concerning this subject.

Issue:

5 (a)- What is the process to be followed for performance indicators to be added to or deleted from the list established by agreement or arbitration?

The parties agree that performance indicators can be added or deleted through the actions of the Commission, or through an amendment to the interconnection agreement.

Issue:

5 (b)- Are additional comments and/or testimony on this subject required?

No.

Issue:

6 (a)- What performance measurement results are appropriate in order to determine whether USWC has provisioned and repaired its resold services to the CLECs in a nondiscriminatory manner?

The parties agree that the performance results for USWC "retail" customers and "affiliates" should be compared to the resale service results for the CLECs.

Issue:

6 (b)- Are additional comments and/or testimony on this subject required?

No.

Issue:

7 (a)- What performance measurement results are appropriate in order to determine 1) whether USWC has provided interconnection or access to unbundled network elements (UNEs) to CLECs at a level of quality at least equal to that which USWC provides the item to itself, its customers, its affiliates or to any other party and 2) when there is no retail analogue for an UNE function, in a manner that allows a efficient CLEC a meaningful opportunity to compete whether USWC has provided access to unbundled network elements to CLECs?

U S WEST Position:

Actual Comparisons: USWC believes that the performance results comparing USWC performance between an individual CLEC and the CLECs, in aggregate, is appropriate.

Analogues: USWC proposes to provide certain interoffice provisioning results which it is developing as analogues to the interconnection trunks provisioning results that it proposes be reported to the CLECs. USWC does not propose any analogues for access to unbundled network elements.

Benchmarks: USWC proposes that its guidelines for FOC intervals, provisioning intervals, and repair intervals be utilized as "benchmarks" for interconnection trunks, collocation, and unbundled loops, switching, and transport.

CLECs' Position:

Interconnection: USWC internal results for the availability, provisioning, maintenance, repair and operations of interoffice trunking (both dedicated and common) should be compared to the CLEC interconnection trunking results.

Unbundled Network Elements: USWC should report the following retail results as analogues for unbundled network element performance:

| <u>Unbundled Network Element</u> | <u>Retail Analogue</u> |
|---|----------------------------|
| 2/4w analog loop | POTS – Business (dispatch) |
| 2w digital loop (ISDN capable) | ISDN(BRI) |
| 2w digital loop (xDSL capable) | ADSL |
| 4w digital loop (1.544Mbps capable/HDSL) | ISDN(PRI)/DS1 |
| UNE Port – Basic Analog/Coin | POTS – Business (dispatch) |
| UNE Port – CENTREX | CENTREX |
| UNE Port – ISDN (BRI) | CENTREX |
| UNE Port – DS1/ISDN-PRI (incl. DS1 line port) | DS1/ISDN(PRI) |
| UNE Port – PBX DID | PBX DID |
| UNE Dedicated Transport (incl. DS1 and DS3) | HICAP |
| UNE Platform | Analogous Retail Service |

Issue:

7 (b)- Are additional comments and/or testimony on this subject required?

Yes. Comments advocating the parties' respective positions will be filed. Additionally, USWC requests a hearing which will include testimony on this subject.

Issue:

8 (a)- When applicable, what statistical test should be applied when comparing differences in “means” (averages)?

With the exception of Cox, the parties agree that a permutation test utilizing a modified-“Z” statistic (measuring ILEC variance) is appropriate. USWC agrees to use of the modified-“Z” statistic only with a permutation test. Cox does not favor a statistical approach. Rather, Cox supports performance levels that are assessed on a direct comparison of all actual results. Cox believes that this will eliminate improper manipulation or interpretation of statistical samples and what it believes to be inevitable disputes over statistical issues.

Issue:

8 (b)- Are additional comments and/or testimony on this subject required?

The parties agree that testimony concerning this subject is not required. However, USWC is submitting its written comments in response to Cox’s position.

Issue:

9 (a)- When applicable, what statistical test should be applied when comparing percentages of accomplishments (e.g. Percentage of calls answered within X seconds)?

With the exception of Cox, the parties believe that a “differences in proportions” test is appropriate. With the exception of Cox, the parties agree that a form of the Fischer’s Exact Test using is appropriate. The Fishers Exact Test determines the significance of a difference in sample proportions or rates by calculating the probability of observing a difference in proportions less favorable to the CLEC than the actual observed difference while maintaining the actual sample sizes an total number of reports within each category (repairs completed in less than 1 hour, for example). The probability calculation is based on a hypergeometric distribution, along with the test.

Cox does not favor a statistical approach. Rather, Cox supports performance levels that are assessed on a direct comparison of all actual results. Cox believes that this will eliminate improper

manipulation or interpretation of statistical samples and what it believes will be inevitable disputes over statistical issues.

Issue:

9 (b)- Are additional comments and/or testimony on this subject required?

The parties agree that testimony concerning this subject is not required. However, USWC is submitting its written comments in response to Cox's position.

Issue:

10 (a)- Should a minimum number of "events" occur within a month (the agreed to reporting period) before a result may be considered "material" or "statistically significant" and, if so, what should that number be?

U S WEST Position:

Yes. Thirty (30)

CLECs' Position:

No. One (1). Cox does not favor a statistical approach. Rather, Cox supports performance levels that are assessed on a direct comparison of all actual results. Cox believes that this will eliminate improper manipulation or interpretation of statistical samples and what it believes will be inevitable disputes over statistical issues.

Issue:

10 (b)- Are additional comments and/or testimony on this subject required?

With the exception of Cox, the parties agree that further negotiations are desired, at least through May 31, 1999. Cox does not favor a statistical approach. Rather, Cox supports performance levels that are assessed on a direct comparison of all actual results. Cox believes that this will eliminate improper manipulation or interpretation of statistical samples and what it believes will be inevitable disputes over statistical issues.

Issue:

11 (a)-When comparing results, what is the statistical confidence level that should be applied in determining whether a statistically significant difference in results exists?

U S WEST Position:

Ninety-nine (99%)

CLECs' Position:

With the exception of Cox, the CLECs believe that a confidence level that leads to equal risk of Type I and Type II errors should be applied. A confidence level of 85% should produce roughly equal probability of Type I and Type II errors. Cox does not favor a statistical approach. Rather, Cox supports performance levels that are assessed on a direct comparison of all actual results. Cox believes that this will prevent improper manipulation or interpretation of statistical samples and what it believes will be inevitable disputes over statistical issues.

Issue:

11 (b)- Are additional comments and/or testimony concerning this subject required?

Yes. Comments advocating the parties' respective positions will be filed. Additionally, USWC requests a hearing which will include testimony concerning this subject.

Issue:

12 (a) – When should data be reported?

The parties agree that data should be reported on a monthly basis and should be provided by the 30th calendar day after the close of the reporting month.

Issue:

12 (b) – Are additional comments and/or testimony on this subject required?

No.

Issue:

13 (a)- What remedial action and/or remedies should be taken if a statistically significant difference in results exists?

U S WEST Position:

A statistically significant difference in results for a particular performance indicator does not, by itself, mean that there has been unlawful discrimination necessitating remedial action and/or remedies.

However, if a statistically significant difference in results occurs, USWC will immediately investigate to determine the cause(s) of the statistically significant difference and, when feasible, begin good-faith efforts to resolve the difference. If a statistically significant difference for the particular performance indicator persists for three or more months, then the Dispute Resolution provisions contained in each CLECs interconnection agreement should be applied.

CLECs' Position:

With the exception of Cox, the CLECs believe that if a statistically significant difference in results for a particular performance indicator occurs, as determined by a failure of statistical test, that test failure would be an indication of the existence of discrimination. When discrimination is statistically proven, self-executing enforcement mechanisms in the form of penalties or remedies are appropriate and necessary. Cox does not favor a statistical approach. Rather, Cox supports performance levels that are assessed on a direct comparison of all actual results. Cox believes that this will eliminate improper manipulation or interpretation of statistical samples and what it believes will be inevitable disputes over statistical issues.

Issue:

13 (b)- Are additional comments and/or testimony on this subject required?

Yes. Comments advocating the parties' respective positions will be filed. Additionally, USWC requests a hearing which would include testimony concerning this subject.

Issue:

14 (a)- What audit process, if any, should be utilized?

U S WEST Position:

The audit provisions already contained in the approved interconnection agreements.

CLECs' Position:

By request of one or more CLECs, an audit of data collecting, computing and reporting processes—as well as related business processes—must be permitted by USWC.

Issue:

14 (b)- Are additional comments and/or testimony concerning this subject required?

Yes. Comments advocating the parties' respective positions will be filed. However, additional testimony concerning this subject is not required.

Issue:

15 (a) How should the development and process costs of performance measurement be determined?

U S WEST Position:

Development and process costs of performance measurements should be developed and tracked in the normal course of USWC's business.

CLECs' Position:

Virtually all of the performance measurements in the May 22, 1998 joint filing of the parties and the additional measurements advocated by the CLECs have been developed by USWC long ago to support the operation of its business. As such, there should be negligible costs required to track those measurements.

Issue:

15 (b)- Are additional comments and/or testimony on this subject required?

Yes. Comments advocating the parties' respective positions will be filed. However, additional testimony concerning this subject is not required.

Issue:

16 (a)- How should the development and process costs of performance measurement be apportioned?

U S WEST Position:

Because the CLECs are the intended recipients of the performance measurement results, the Commission should adopt a mechanism allowing USWC to recover its performance measurement development and process costs from the CLECs.

CLECs' Position:

See response to 14 (a). To the extent that there are legitimate costs to develop new performance measures, those costs should not be recovered from CLECs. Apart from being a sound business practice that well-managed businesses routinely employ, performance monitoring and reporting of performance results benefits USWC. The performance results will be critical information in deciding whether USWC is compliant with its statutory obligations and whether it can provide in-region interLATA services. As such, this information may be more important to USWC than it is to CLECs.

Issue:

16 (b)- Are additional comments concerning this subject required?

Yes. Comments advocating the parties' respective positions will be filed. However, additional testimony concerning this subject is not required.

Standard Service Groupings

Resale

- Residence POTS
- Business POTS
- Centrex
- ISDN-BRI
- ISDN-PRI
- Digital Switched Service (DSS)
- Direct Inward Dialing (DID)
- PBX Trunks
- DS0
- DS1
- DS3

Interconnection and Related Services

- Local Interconnection Trunks (LIS Trunks)
- Common Transport
- Interim Number Portability
- Permanent Number Portability
- Collocation
 - Physical
 - Virtual

Unbundled Network Elements

- Unbundled Loop:
 - Analog (2-wire)
 - Digital-capable (2-wire, 4-wire, and other)
- Unbundled Dedicated Interoffice Transport (UDIT)
- Unbundled Switch

Types of Orders

C = Change in existing service or billing number.

D = Total disconnect of service.

F = From the outward service associated with a transfer (To or "T") of service from one address to another

N = New connection of service.

R = Record order; record change only. (For Resale services, service migrations without changes for non-designed services are record orders.)

T = To or transfer of service from one address to another.

X = USW initiated internal work order.

Exhibit A

CLECs' Proposed Additional Service Categories

Resale:

- ADSL
- HDSL
- XDSL
- OC-3 and Higher

Unbundled Loops:

- ISDN-Capable Loops
- ADSL-Capable Loops
- HDSL-Capable Loops
- XDSL-Capable Loops
- OC-3 and Higher-Capable Loops
- Network Interface Device (NID)

Unbundled Dedicated Interoffice Transport (UDITs):

- DS0 UDITs
- DS1 UDITs
- DS3 UDITs
- DS1 to DS3 multiplexed UDITs
- DS0 to DS1 multiplexed UDITs
- Enhanced Extended Loops (EELs)(Loop, Multiplexing and Dedicated Transport)

Unbundled Switching:

- Analog Line Side Ports
- Digital Line Side (DS1) Ports
- ISDN-BRI Line Side Ports
- ISDN-PRI Trunk Side Ports
- Message Trunk Side Ports

Unbundled Signaling

Unbundled Platforms:

- UNE-POTs
- UNE-DS0
- UNE-DS1
- UNE-DS3

U S WEST Service Performance Indicators

CORE PERFORMANCE INDICATORS

Gateway Availability

- GA-1 Gateway Availability – via Human-to-Computer Interface (percent)
GA-2 Gateway Availability – via Computer-to-Computer Interface (percent)

Pre-Order

- PO-1 Pre-Order/Order Response Times – via Human-to-Computer Interface (average)
PO-2 Pre-Order/Order Response Times – via Computer-to-Computer Interface (average)

Ordering and Provisioning

- OP-1 Speed of Answer – Interconnect Provisioning Center (average)
OP-2 Calls Answered With Twenty Seconds – Interconnect Provisioning Center (percent)
OP-3 Installation Commitments Met (percent)
OP-4 Installation Interval (average)
OP-5 Installation Trouble Reports (percent)
OP-6 Delayed Days (average)
OP-7 Coordinated Cutover Interval – Unbundled Loop (average):
OP-8 Coordinated Cutover Interval – Interim Number Portability (INP) (average):
OP-9 Coordinated Cutover Combined Interval – Unbundled Loops coordinated with INP

Maintenance & Repair

- MR-1 Speed of Answer – Interconnect Repair Center (average)
MR-2 Calls Answered within 20 seconds – Interconnect Repair Center (percent)
MR-3 Out of Service Cleared within 24 hours – Non-Designed Repair Process (percent)
MR-4 All Troubles Cleared within 48 hours – Non-Designed Repair Process (percent)
MR-5 All Troubles Cleared Within 4 hours –Designed Repair Process (percent)
MR-6 Mean Time to Restore
MR-7 Repair Repeat Report Rate (percent)
MR-8 Trouble Rate (percent)

Billing

- BI-1 Mean Time to Provide U S WEST-Recorded Usage Records
BI-2 Mean Time to Deliver Invoices

Emergency Services

- ES-1 ALI Database Updates Completed within 24 hours (percent)
ES-2 911/E911 Emergency Services Trunk Installation Interval (average)

Directory Assistance

- DA-1 Speed of Answer – Directory Assistance (average)
DA-2 Calls Answered Within Ten Seconds – Directory Assistance (percent)

Operator Services

OS-1 Speed of Answer – Operator Services (average)

OS-2 Calls Answered Within Ten Seconds – Operator Services (percent)

Network Interconnection

NI-1 Trunk Blocking – Interconnection Trunks (percent):

NI-2 Trunk Blocking – Local Interoffice (“Common”) Trunks (percent):

Collocation Provisioning

CP-1 Installation Commitments Met (percent)

CP-2 Installation Interval (average)

DIAGNOSTIC PERFORMANCE INDICATORS

Pre-Order/Ordering

DPO-1 Electronic Flow-through of Local Service Requests (LSRs) to the Service Order Processor (percent):

DPO-2 LSR Rejection Notice Interval (average)

DPO-3 LSRs Rejected (percent)

DPO-4 Firm Order Confirmation (FOC) Interval (average)

Ordering and Provisioning

DOP-1 CLEC- or CLEC’s Customer-Caused Installation Misses (percent)

DOP-2 Delayed Orders Completed ≥ 15 days past the commitment date (percent)

DOP-3 Delayed Orders Completed ≥ 90 days past the commitment date (percent)

DOP-4 CLEC- or CLEC’s Customer-Caused Coordinated Cutover Misses (percent)

Maintenance & Repair

DMR-1 CLEC- or CLEC’s Customer-Caused Trouble Reports (percent)

Collocation Provisioning

DCP-1 CLEC- or CLEC’s Customer- Caused Collocation Misses (percent)

DCP-2 Collocation Feasibility Study Interval (average)

DCP-3 Collocation Feasibility Study Commitments Met (percent)

DCP-4 Average Collocation Quote Interval (percent)

Network Interconnection

DNI-1 Provisioning Interval – U S WEST Interoffice Trunks (average)

DNI-2 Local Interconnection Final Trunk Group Utilization (average)

| DKT_TYPE | NUMBER | DIV | YEAR | MATTER |
|----------|--------|-----|------|--------|
| T | 02752 | A | 96 | 0362 |
| T | 02432 | B | 96 | 0505 |
| T | 03009 | A | 96 | 0478 |
| T | 03245 | A | 96 | 0448 |
| T | 03016 | A | 96 | 0402 |
| T | 03155 | A | 96 | 0527 |
| T | 02428 | A | 96 | 0417 |
| T | 03175 | A | 96 | 0479 |
| T | 03021 | A | 96 | 0448 |
| T | 03242 | A | 97 | 0017 |